

# Cheltenham Borough Council

**Audit, Compliance and Governance Committee – 19<sup>th</sup> April 2023**

## **Internal Audit Plan and Charter 2023/24**

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**Accountable member:**

Councillor Peter Jeffries, Cabinet Member for Finance and Assets

**Accountable officer:**

Paul Jones, Executive Director – Finance, Assets and Regeneration

**Accountable scrutiny committee:**

None

**Ward(s) affected:**

N/A

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**Key/Significant Decision:**

No

**Executive summary:**

The Council must ensure that it has sound systems of internal control which facilitate effective management of all the Council's functions. The work planned by SWAP Internal Audit Services, the Council's Internal Audit service, is one of the control assurance sources to the Audit, Compliance and Governance Committee and Leadership Team and which supports the work of the external auditor. The work is also a key component of the Council's governance framework and as assurance source supporting the Annual Governance Statement, which forms part of the statutory accounting standards.

The Internal Audit Charter is a requirement of the arrangement between Cheltenham Borough Council and SWAP Internal Audit Services (SWAP). The charter ensures compliance with good practice as set out in the International Professional Practices Framework of the Institute of Internal Auditors and the Public Sector Internal Audit Standards (PSIAS).

**Recommendations:**

**The Audit, Compliance and Governance Committee approves the Proposed 2023/24 Internal Audit Plan**

## Implications

### 1.1. Financial implications

There are no financial implications arising from the report

**Signed off by:** Paul Jones, Executive Director Finance, Assets and Regeneration  
[Paul.Jones@cheltenham.gov.uk](mailto:Paul.Jones@cheltenham.gov.uk)

### 1.2. Legal implications

There are no specific legal implications arising from the report and its recommendation.

**Signed off by:** One Legal, [legal.services@onelegal.org.uk](mailto:legal.services@onelegal.org.uk)

### 1.3. HR implications

There are no specific HR implications arising from the content of the report. The HR Team continue to work closely with CBC and SWAP to ensure that any HR related recommendations from audits are actioned.

**Signed off by:** Clare Jones, HR Business Partner, [Clare.Jones@Cheltenham.gov.uk](mailto:Clare.Jones@Cheltenham.gov.uk)

### 1.4. Environmental and climate change implications

None specific arising from the report agreed actions

**Signed off by:** Gemma Bell, Head of Finance (Deputy Section 151 Officer),  
[Gemma.Bell@cheltenham.gov.uk](mailto:Gemma.Bell@cheltenham.gov.uk)

### 1.5. Property/asset implications

There are no specific Property/Asset implications arising from the content of the report

**Signed off by:** Gemma Bell, Head of Finance (Deputy Section 151 Officer),  
[Gemma.Bell@cheltenham.gov.uk](mailto:Gemma.Bell@cheltenham.gov.uk)

### 1.6. Corporate policy framework implications

The Internal Audit Plan is aligned to our Corporate Priorities and provide assurance against the achievement of corporate policy.

**Signed off by:** Ann Wostencroft, Head of Performance, Projects and Risk,  
[Ann.Wostencroft@cheltenham.gov.uk](mailto:Ann.Wostencroft@cheltenham.gov.uk)

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## 2. Promoting equality and reducing discrimination

No implications arising from the report agreed actions.

### 3. Performance management – monitoring and review

The performance of SWAP Internal Audit Services is monitored by both the Audit, Compliance and Governance Committee and the Audit Partnership Board as detailed in the Internal Audit Charter.

Regular monitoring reports are provided to this Committee and, in the interim period regular meetings are held between Internal Audit and the Executive Director of Finance, Assets and Regeneration. New and emerging risks are discussed, and the impact of the recommendations made by Internal Audit are discussed.

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### 4. Background

#### Internal Audit Plan

- 4.1. The primary role of Internal Audit is to provide assurance that the Council's systems provide for a proper administration of its affairs. To this end, Internal Audit carries out a programme of audits that is agreed annually with the Council's Leadership Team and the Audit, Compliance and Governance Committee. The Internal Audit service is provided to the Council by SWAP Internal Audit Services (SWAP).
- 4.2. In order to satisfy the requirements of the Public Sector Internal Audit Standards (PSIAS) and to reflect changes within the Council, SWAP needs to focus upon areas where the organisation now requires assurance. This reinforces the requirement for Internal Audit to follow a more flexible and risk-based plan.

#### Internal Audit Charter

- 4.3. The Internal Audit Charter is a requirement of the arrangement between Cheltenham Borough Council and SWAP. The charter ensures compliance with good practice as set out in the International Professional Practices Framework of the Institute of Internal Auditors and the Public Sector Internal Audit Standards (PSIAS).
- 4.4. The Charter demonstrates how the Internal Audit service will operate, and forms part of the requirements of the Public Sector Internal Audit Standards.
- 4.5. The Charter provides guidance on authority, accountability, customer care (quality control), independence, reporting, responsibility and audit standards.

### 5. Reasons for recommendations

#### Internal Audit Plan

- 5.1. A summary of the Proposed Internal Audit Plan for 2023/24 is included in Appendix 'A'. This lists the risk-based assurance and consultancy work planned for the year. Counter fraud related audit work has not been included in this audit plan.
- 5.2. The Plan outlines a programme of work for 2023/24 as developed throughout January and February 2023 but due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning recognises this through a strategic 12 month rolling plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.

- 5.3. We will revisit and adjust our programme of work on at least a quarterly basis to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks. The regular input of senior management, and the Executive Director of Finance, Assets and Regeneration and review of the Authority's risk register will be considered in this process.
- 5.4. The audit plan contains an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

#### Internal Audit Charter

- 5.5. Without an approved charter there is a risk that SWAP will not have:
- The support of management and the Council
  - Direct access and freedom to support senior management including the Chief Executive and the Audit, Compliance and Governance Committee
  - Access to any records, personnel or physical property of the Council for audit work.

## **6. Alternative options considered**

- 6.1. None

## **7. Consultation and feedback**

- 7.1. The plan has been developed following consultation with and feedback from Service Managers Team, Leadership Team, the Internal Audit Team and the Audit, Compliance and Governance Committee.

## **8. Key risks**

- 8.1. That potential weaknesses within the control framework are not identified and threaten the Council's objectives to meet its corporate priorities.

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### **Report author:**

Lucy Cater, Head of Internal Audit

Assistant Director, SWAP Internal Audit Services, [Lucy.Cater@swapaudit.co.uk](mailto:Lucy.Cater@swapaudit.co.uk)

### **Appendices:**

Appendix A – Proposed Internal Audit Plan 2023/24

Appendix B – Internal Audit Charter

## Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions

**Guidance for officers (delete once assessment is completed)**

### Risk reference

If the risk is already on Clearview put in the reference; if not, leave blank until added to Clearview.

### Risk description

Identify the event or trigger which may generate some new or increased risk to the council. Significant risks which are already identified are recorded on the Clearview and form part of the Corporate Risk Register. Please use *“If xx happens then xx will be the consequence” (cause and effect)*. For example *“If the council’s business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted.”*

### Risk owner

Identifying the person who will take responsibility for the overall risk.

### **Impact score**

Use the risk management policy scorecard to evaluate the severity of impact(s); enter the highest score you gave:

- 1 - Negligible
- 2 - Minor
- 3 - Moderate
- 4 - Major
- 5 – Critical

### **Likelihood**

Assign a score according to probability, timing or frequency; again enter the highest score you gave:

- 1 – Rare
- 2 - Unlikely
- 3 - Possible
- 4 - Likely
- 5 - Almost Certain

### **Raw risk score**

The initial risk score is the impact score multiplied by the likelihood score. This is called the raw risk score, without any controls in place to mitigate the risk.

### **Risk response**

For each risk identified, a risk response should be identified.

- Reduce the risk
- Accept the risk
- Transfer the risk to a third party
- Avoid the risk
- Prepare a contingent plan
- Share the risk

- Enhance the risk
- Exploit the risk

### **Managing the risk: Control/mitigating action**

There are usually things the council can do to reduce either the likelihood or impact of a risky event. Mitigating controls can already be in place, such as budget monitoring. New controls or actions may also be possible, such as agreeing SLA's with partners, or obtaining additional funds.

### **Ownership**

Identify the person who will manage/implement the risk controls/actions.

### **Deadline**

Put in a deadline for the completion of each control or action